

## **FISCAL NOTE**

### **SB 534 - HB 1245**

March 24, 2003

#### **SUMMARY OF BILL:**

- Provides that the court shall not reinstate or continue a bond on a defendant who forfeits on the bond but is returned to the court prior to the forfeiture judgment without the written authorization of the bondsman or sureties.
- Specifies that the court may set a new bond in such cases and the bondsman or sureties are relieved of further liability except for accrued costs.
- Relieves bondsman or sureties of all liability on a bond, except accrued cost, in the event a detaining authority refuses to approve a request for extradition of the defendant.
- Provides that individuals disqualified from being bondsmen may not own or operate, or hold stock in a company that owns or operates a bail bond company.
- Increases the amount that can be paid to individuals appointed by the court to investigate the solvency of a bond company from an amount not to exceed \$10 per day to an amount not to exceed \$100 per day and specifies that such compensation shall be paid from bail bond tax collections rather than county general funds as under current law.
- Provides for sureties, upon the issuance of a conditional forfeiture on bail, to immediately institute legal proceedings to collect funds from the indemnitors on the bond, including the institution of foreclosure proceedings, to provide necessary funds to satisfy any final judgment.
- Applies the bail bond tax to all releases of whatever sort, including releases on the defendant's own recognizance, property bonds, appearance bonds, cash bonds posted with the clerk of court, or any other court ordered release.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Less than \$100,000**

**Increase State Expenditures - Less than \$100,000**

**Local Govt. Expenditures\* - Net Increase - Exceeds \$100,000**

**Decrease Local Govt. Revenues - Not Significant**

**Other Fiscal Impact - An increase in state revenues from the bail bond tax estimated to exceed \$3,000,000, earmarked to underwrite the costs of continuing education for bondsmen and to provide legal representation to low-income Tennesseans in civil matters.**

Estimate assumes:

- a decrease in state revenues of less than \$100,000 from bonds that would have been forfeited due to the refusal of a detaining authority to extradite a defendant that will not be forfeited under the provisions of the bill relieving the bondsman of liability on such bonds.
- an increase in state revenues estimated to exceed \$3,000,000 from the extension of the bail bond tax to other court ordered releases. This estimate is based on the current proceeds of the bail bond tax representing

25% of all releases with revenues of \$1,698,000 estimated for FY02-03 and a 70% collection rate on the additional tax proceeds generated under the provisions of the bill.

- proceeds from the bail bond tax are earmarked to underwrite the costs associated with continuing education for bondsmen and to provide legal representation to low-income Tennesseans in civil matters.
- an increase in state and local government expenditures estimated to be not significant for costs related to legal proceedings brought by bondsmen to collect funds upon the issuance of a conditional forfeiture.
- a not significant increase in state expenditures to be paid from the bail bond tax for the cost of investigations into the solvency of bonding companies and a corresponding decrease in local government expenditures as they will no longer have to pay for such investigations.
- an increase in state expenditures of \$22,000 to the Department of Revenue for computer system changes associated with collecting the bail bond tax on the additional releases.
- an increase in local government expenditures estimated to exceed \$100,000 for the cost to clerks to administer and collect the bail bond tax on recognizance, property, appearance and cash bonds including the cost of computer system changes.
- an increase in state and local government expenditures of less than \$100,000 for the cost of incarcerating individuals whose bond is not continued under the provisions of the bill who can not make a new bond.
- a not significant decrease in local government revenues from the fee charged by some courts to release a bondsman from the obligation to insure a bond. Under the provisions of the bill, in some instances the bondsman will be relieved of liability without having to petition the court for release from the bond.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director